



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 20, 2015

Spent Hansen
Northstar Clay Mines, Inc.
35 Mammoth Main Street
P. O. Box 190
Eureka, Utah 84628

Subject: Bond Release Request Needed, Northstar Clay Mines, Inc., January Mine Dump, S/023/0100, Juab County, Utah

Dear Mr. Hansen:

By letter dated July 7, 2014, the Division of Oil, Gas and Mining required additional reclamation surety for the Blackjack mine, and in a letter dated November 24, 2014, the Division stated that the January Mine Dump was eligible for release of a portion of the reclamation surety.

The Division anticipates being able to release \$5500.00 of the surety for the January Mine Dump, and \$2000.00 would be kept to ensure revegetation. Money released from this surety could be applied to the surety for the Blackjack mine which would bring the total surety for that mine to \$29,500.00 which is greater than the minimum required amount.

To apply for release of a portion of the surety for the January Mine Dump and have this money applied to the surety for the Blackjack mine, please complete the enclosed application for bond release. Please make it clear on the transfer application that you would like the released money applied to the Blackjack mine.

Please call Wayne Western at 801 538-5263, me at 801-538-5261, or the minerals program bonding coordinator, Penny Berry, at 801-538-5291 if you have questions about this process.

Sincerely,

Paul Baker
Minerals Program Manager

PB:whw:pb

Enclosure: Form MR-SITE

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Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 7, 2014

CERTIFIED RETURN RECEIPT
7011 2970 0001 8829 0001

Spensst Hansen
Northstar Clay Mines, Inc.
35 Mammoth Street
P.O. Box 190
Eureka, Utah 84628

Subject: Review of Reclamation Surety Northstar Clay Mines Inc., Blackjack Mine, S0230106, Juab County, Utah

Dear Mr. Hansen:

The last surety estimate for the Blackjack Mine was done in 2009 and escalated to 2014 dollars. The surety amount needs to be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased from \$24,000.00 to either \$29,100.00 (three year escalation) or \$30,500.00 (five year escalation). The average reclamation costs are outlined below:

Small Mine Operation Bond Calculation Worksheet S/0/0106

3-year escalation (2017)

<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,000.00	\$8,000.00
Add'l Acres Disturbance	4	\$5,000.00	\$20,000.00
Mob/demob over 51-100 miles	1	\$1,400.00	\$1,400.00
TOTAL			\$29,400.00

5-year escalation (2019)

<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,300.00	\$8,300.00
Add'l Acres Disturbance	4	\$5,200.00	\$20,800.00
Mob/demob over 51-100 miles	1	\$1,400.00	\$1,400.00
TOTAL			\$30,500.00



Spens Hansen
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S/023/0106
July 7, 2014

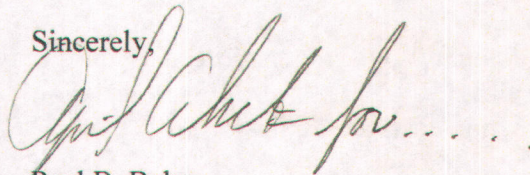
Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by e mail at pennyberry@utah.gov for information about submitting the additional surety. Your current surety is in the form of cash. You may increase the cash deposit, or you may submit a letter of credit, a certificate of deposit, or a surety bond for either the increased or full amount. Bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

As an alternative to increasing the surety amount, the reclamation liability can be decreased by reclaiming a portion of the site and amending the Notice of Intention to Commence Small Mining Operations to show the decreased acreage. If you decide to pursue this option, please contact the lead inspector Wayne Western at 801 538-5263. The Division of Oil, Gas and Mining would need to continue to hold adequate surety for the reclaimed area while vegetation is becoming established.

Please provide the additional surety or perform the reclamation no later than September 2, 2014.

Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Wayne Western at 801 538-5263.

Sincerely,



Paul B. Baker
Mining Program Manager

PBB:whw:pb

cc: Duane Bays, Fillmore BLM (dbays@blm.gov)

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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 24, 2014

Spent Hansen
Northstar Clay Mines, Inc.
35 Mammoth Main Street
P. O. Box 190
Eureka, Utah 84628

Subject: Bond Release Request Needed, Northstar Clay Mines, Inc., January Mine Dump, S/023/0100, Juab County, Utah

Dear Mr. Hansen:

Based on an inspection conducted by Wayne Western on November 19, 2014, the Division of Oil, Gas and Mining has determined that the January Mine Dump mine is eligible for release of a portion of the reclamation surety. The site has been backfilled and regraded so that the site is stable and blends into the surrounding areas.

If you would like a portion of the surety released, please complete the attached form. The Division anticipates being able to release \$5500.00, and \$2000.00 would be kept to ensure revegetation. The Division understands you would like to transfer the money that would be released to the surety for the Blackjack mine. Please make this clear in the transfer application.

Please call Wayne Western at 801 538-5263 or me at 801-538-5261 if you have questions about this process.

Sincerely,

Paul Baker
Minerals Program Manager

PB:whw:pb
Enclosure: Form MR-SITE
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